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AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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November 15, 2006

TO: Mayor Michael D. Antonovich
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

FROM: J. Tyler McCauley *tm*
Auditor-Controller

**SUBJECT: CITY OF PASADENA - FOOTHILL WORKFORCE INVESTMENT
BOARD CONTRACT - WORKFORCE INVESTMENT ACT PROGRAMS**

We have conducted a program, fiscal and administrative contract review of the City of Pasadena - Foothill Workforce Investment Board (Foothill or Agency), a Workforce Investment Act (WIA) Programs service provider.

Background

The Department of Community and Senior Services (DCSS) contracts with Foothill, a non-profit agency, to provide and operate the WIA Youth, Adult and Dislocated Worker programs. The WIA Youth program is a comprehensive training and employment program for in-school and out-of-school youth ages 14 to 21 years old. The WIA Adult and Dislocated Worker programs assist individuals obtain employment, retain their jobs and increase their earnings. Foothill's office is located in the Fifth District.

Foothill is compensated on a cost reimbursement basis. Foothill's contract was for \$281,499 for fiscal year 2005-2006.

Purpose/Methodology

The purpose of the review was to determine whether Foothill complied with its contract terms and appropriately accounted for and spent WIA funds in providing services to eligible participants. We also evaluated the adequacy of the Agency's accounting records, internal controls and compliance with federal, State, and County guidelines.

"To Enrich Lives Through Effective and Caring Service"

Results of Review

The participants/guardians interviewed stated that the services they received met their expectations. In addition, Foothill maintained adequate internal controls over its business operations.

Foothill did not maintain documentation to support the services provided to 7 (47%) of the 15 Adult and Dislocated Worker participants. Specifically, the receipts used to document the services were not signed by both the receiving participant and the case manager and the dollar values of the services were not identified. Foothill also provided services to two non-WIA participants. The amount of the undocumented services and services provided to non-WIA participants totaled \$3,390.

Foothill also did not complete Individual Employment Plans for 11 (73%) of the 15 Adult and Dislocated Worker participants reviewed, or complete the Individual Services Strategy plan for all 5 youth participants in accordance with WIA guidelines.

Details of our review, along with recommendations for corrective action, are attached.

Review of Report

We discussed our report with Foothill on August 10, 2006. In their attached response, Foothill indicated that a participant's case file contained the appropriate documentation to support the participant's eligibility. However, we reviewed each participant case file with Agency personnel during our initial visit and on August 10, 2006, at which time the Agency was given the opportunity to review each participant case file and resolve any of the findings discussed. The Agency personnel who reviewed the participants' case files during both visits acknowledged concurrence with our findings. As indicated in our report, subsequent to our review, the Agency provided the appropriate documentation. In addition, Foothill disagrees with the amount of unsupported expenditures. The difference is the result of additional documentation provided subsequent to our review.

Due to the confidential nature of the documents, we did not include some of the attachments Foothill referenced in their response. We notified DCSS of the results of our review and thank Foothill for their cooperation during this review. Please call me if you have any questions, or your staff may contact Don Chadwick at (626) 293-1102.

JTM:MMO:DC
Attachment

c: David E. Janssen, Chief Administrative Officer
Cynthia Banks, Director, Department of Community and Senior Services
Phillip L. Dunn, Executive Director, City of Pasadena - Foothill Workforce
Investment Board
Public Information Office
Audit Committee

**WORKFORCE INVESTMENT ACT PROGRAM
CITY OF PASADENA - FOOTHILL WORKFORCE INVESTMENT BOARD
FISCAL YEAR 2005-06**

ELIGIBILITY

Objective

Determine whether the City of Pasadena - Foothill Workforce Investment Board (Foothill or Agency) provided services to individuals that meet the eligibility requirements of the Workforce Investment Act (WIA).

Verification

We judgmentally sampled 20 (47%) participants (10 adults, 5 dislocated workers, and 5 youths) from a total of 43 participants that received services between July 2005 and December 2005 and reviewed their case files for documentation to confirm their eligibility for WIA services.

Results

Generally, the participants' case files contained documentation to support the participants' eligibility to receive services. However, Foothill did not obtain documentation for one (5%) of the 20 participants to support the participant's eligibility.

Subsequent to our review, Foothill provided the appropriate documentation to support the participant's eligibility to receive services.

Recommendation

- 1. Foothill management ensure that staff obtain the appropriate documentation from the participants to determine the participants' eligibility prior to enrollment.**

BILLED SERVICES/CLIENT VERIFICATION

Objective

Determine whether the Agency provided the services in accordance with the County contract and WIA guidelines. In addition, determine whether the participants received the billed services.

Verification

We reviewed the documentation contained in the case files for 20 (47%) participants that received services during July 2005 and December 2005. We also interviewed nine

participants/guardians (seven from the adult and dislocated worker programs and two from the youth program).

Results

Adult and Dislocated Worker Programs

The seven participants interviewed stated that the services received met their expectations. However, Foothill did not complete the Individual Employment Plans (IEPs) for 11 (73%) of the 15 participants in accordance with WIA guidelines. The IEP is an on-going plan, jointly developed by the participant and the case manager that identifies the participant's employment goals, achievement objectives and the services needed to achieve their employment goals.

Foothill also did not maintain documentation to support the services provided to seven (47%) of the 15 participants. Specifically, receipts were not signed by the participant and the case manager and the dollar amounts of the services were not identified on the supporting documentation. Foothill also did not maintain a copy of a certificate of completion in one participant's case file to document the participant's completion of a training course. The undocumented amount billed totaled \$3,270. Subsequent to our review, Foothill provided the participant's certificate of completion.

Foothill also incorrectly allocated the training cost for one (7%) of the 15 participants to the dislocated worker program when the participant was enrolled in the adult program. Subsequent to our review, Foothill made the necessary adjustments to allocate the training costs to the correct program.

Youth Program

The two participants/guardians interviewed stated that the services received met their expectations. However, Foothill did not complete the Individual Services Strategy (ISS) plans for all five youth participants in accordance with WIA guidelines. The ISS plans did not identify the participants' long-term goals, the objectives required to obtain their goals, or document Foothill staff's monthly reviews of the ISS plans with the participants as required. The ISS plan is used to track the needs and services of the program participants and their progress towards achieving established goals.

Foothill also did not administer the pre-assessment as required to one (20%) of the five youth participants. According to WIA guidelines, all youths enrolled in the youth program must be assessed for proficiency in basic skills. In addition, Foothill did not report one (20%) of the five youth participants' program activities into the Job Training Automation (JTA) system as required. The JTA system is used by the State of California Employment Development Department and the Department of Labor to track WIA participant activities.

Recommendations**Foothill management:**

2. Repay DCSS \$3,270 for unsupported expenditures.
3. Ensure that staff complete IEPs for Adult and Dislocated Worker participants.
4. Ensure that certifications of completion are maintained in the participants' case files for training courses completed.
5. Ensure that expenditures are adequately supported and the documentation is maintained in the participant's case file.
6. Ensure that expenditures are allocated to the correct funding program.
7. Ensure that staff complete and review ISS plans with the participants on a monthly basis.
8. Ensure that pre-assessments are administered at the time of enrollment.
9. Ensure that staff update the JTA system to reflect the participants' activities.

CASH/REVENUE**Objective**

Determine whether cash receipts and revenues are properly recorded in the Agency's records and deposited timely in their bank account. Determine whether there are adequate controls over cash, petty cash and other liquid assets.

Verification

We interviewed Agency personnel and reviewed financial records. We also reviewed Foothill's bank reconciliation for December 2005.

Results

Foothill maintained adequate controls to ensure that revenue was properly recorded and deposited in a timely manner.

Recommendation

There are no recommendations for this section.

EXPENDITURES/PROCUREMENT**Objective**

Determine whether program related expenditures are allowable under the County contract, properly documented, and accurately billed.

Verification

We interviewed Agency personnel, reviewed financial records, and reviewed documentation for all 17 non-payroll expenditure transactions billed by the Agency for January 2006, totaling \$13,610.

Results

Generally, Foothill's expenses were allowable, accurately billed to DCSS and supported by documentation as required. However, Foothill billed DCSS \$120 for supportive services provided to two non-WIA participants in January 2006.

Subsequent to our review, Foothill made the necessary adjustments to correctly allocate the expense to the appropriate programs.

Recommendation

10. Foothill management accurately bill DCSS for expenditures related to the WIA program.

INTERNAL CONTROLS/CONTRACT COMPLIANCE**Objective**

Determine whether the contractor maintained sufficient internal controls over its business operations. In addition, determine whether the Agency is in compliance with other program and administrative requirements.

Verification

We interviewed Agency personnel, reviewed their policies and procedures manuals, conducted an on-site visit, and tested transactions in various non-cash areas such as expenditures, payroll and personnel.

Results

Foothill did not always comply with the County contract provisions. Specifically, the Agency:

- Did not submit their invoices to DCSS within five working days of the month immediately following the month in which the services invoiced were rendered.
- Did not mark the invoices or other supporting documentation “paid.”
- Did not indicate in its press releases and statements to the public that, “the program is funded by the federal and State grant administered by the County of Los Angeles.”

In addition, Foothill’s procurement policy required the Agency to obtain only one price quotation for purchases less than \$3,000. WIA guidelines require that three price quotations be documented for purchases over \$1,000.

Subsequent to our review, Foothill revised its public statements to indicate that, “the program is funded by the federal and State grant administered by the County” as required.

Recommendations

Foothill management:

- 11. Ensure that invoices are submitted to DCSS within five working days of the month following the month in which the services invoiced were rendered.**
- 12. Ensure that invoices and other supporting documentation are marked “paid.”**
- 13. Ensure that press releases and statements to the public indicate that, “the program is funded by the federal and State grant administered by the County of Los Angeles.”**
- 14. Ensure that written procurement and accounting manual is developed in compliance with WIA guidelines.**

FIXED ASSETS AND EQUIPMENT

Objective

Determine whether Foothill’s fixed assets and equipment purchases made with WIA funds are used for the WIA programs and are safeguarded.

Verification

We conducted a physical inventory of all five (100%) of the WIA funded items, totaling \$3,600.

Result

One (20%) of the five items purchased with WIA funds was not used for the WIA programs or for any other program. The County contract requires that unused property be returned to the County.

Recommendation

15. Foothill management ensure that WIA funded assets are used for the WIA programs, or returned the property to the County.

PAYROLL AND PERSONNEL**Objective**

Determine whether payroll is appropriately charged to the WIA programs. In addition, determine whether personnel files are maintained as required.

Verification

We traced and agreed the payroll expenditures invoiced for seven employees in December 2005, totaling \$7,895 (57%) out of \$13,908, to the payroll records and time reports. We also interviewed one staff and reviewed personnel files for six staff assigned to the WIA programs.

Results

Foothill appropriately charged payroll expenses to the WIA programs. However, Foothill did not maintain copies of the employees' current driver's license or insurance information in three (50%) of the six employees' personnel files.

Subsequent to our review, Foothill updated the personnel files and provided copies of the three employees' current driver's licenses and proof of insurance.

Recommendation

16. Foothill management ensure that employees' personnel files are kept current.

COST ALLOCATION PLAN**Objective**

Determine whether Agency's Cost Allocation Plan was prepared in compliance with the County contract and properly allocated to the Agency's appropriate programs.

Verification

We reviewed Foothill's Cost Allocation Plan and reviewed a sample of expenditures incurred by the Agency during January 2006.

Results

Foothill's Cost Allocation Plan was prepared in compliance with the County contract and costs were appropriately allocated.

Recommendation

There are no recommendations for this section.



The Workforce Partnership of Arcadia, Duarte, Monrovia, Pasadena, Sierra Madre, and South Pasadena

1207 East Green Street, Pasadena, California 91106

(626) 796-JOBS

WORKFORCE INVESTMENT BOARD

Chair:

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City of Pasadena

September 18, 2006

J. Tyler McCauley
Auditor-Controller
County of Los Angeles
Department of Auditor-Controller
Countywide Contract Monitoring Division
1000 S. Fremont Avenue, Suite #51
Alhambra, CA 91803
Attention: Yoon Bae

Re: RESPONSE TO MONITORING REPORT

This letter will respond to the draft monitoring report of the Foothill WIA's. We will provide a response to each of the report's recommendations.

- 1. Foothill management ensure that staff obtain the appropriate documentation from the participants to determine the participants' eligibility for program services prior to enrollment.**

Lester Fork's file contained a lay off letter from his employer to document his dislocated worker status. This document was in the file at the time of the initial monitoring and second review. This draft finding should be excluded from the final report.

- 2. Repay DCSS \$3,270 for unsupported expenditures.**

In the area of support services, FWIB calculates a total of \$2,943.72 of suspected unsupported expenditures. More information regarding these draft findings are in finding number five.

- 3. Ensure that staff complete the IEP for Adult and Dislocated Worker participants.**

Foothill has reviewed its Individual Employment Plan (IEP) and the Los Angeles County WIA Bulletin Number:IB-DWA-00-008, SNB-004, Subject: INDIVIDUAL EMPLOYMENT PLAN (IEP) FOR ADULT PROGRAMS, date: 6/7/01, as provided

by the monitor. Foothill has determined that the current IEP meets the customer background and goals and services plan IEP components. Foothill believes that the other IEP components are captured in the WIA Pre-Application and the participant's case notes. Foothill will develop a revised IEP to combine all components listed in the above referenced directive. A policy statement has been issued to staff regarding the completion of the ISS and IEP.

4. Ensure that certification of completion is maintain in the participant's case file for training courses completed.

The certificate for this participant was received on August 18, 2006. The participant graduated on June 1, 2006. Many attempts were made by the case manager to obtain the certificate. The certificate was not provided until a phone call from FWIB administration was made. FWIB would like to exclude this draft finding from the final report due to the fact that the certificate was received and it was the fault of the school for not providing it at an earlier date.

5. Ensure that expenditures are adequately supported and the documentation is maintained in the participant's case file.

- Participant Shelia Carr's only received \$548.00 in support services. Not the \$1,956.91 has indicated by the County draft report. Awaiting copies of cashed checks as documentation.
- Andre Carr received support services in the amount of \$100.00 not \$113.00 as indicated by the County draft report. Awaiting copy of cashed check as documentation.
- Kathryn Atkinson received support services for repairs done to her automobile. A check was made out and mailed to Emile's Auto Repair on 1/25/06. FWIB has obtained a copy of the cashed check. See attached. FWIB would like to exclude this draft finding from the final report.
- Patricia Maiden received \$100.00 in gas cards for mileage. The participant signed the copies of the gas card. See attached. . FWIB would like to exclude this draft finding from the final report.
- Lester Forks received several support services payment of \$140.00 for mileage. Attached copies of cashed checks documenting receipt of payment. FWIB would like to exclude this draft finding from the final report.
- Althea Pierre received \$436.80 in support services mileage payments, not the \$540.00 as reported by the County. Awaiting copies of cashed checks as documentation.

The FWIB will update is support services policies, procedures and forms based upon this draft report. The revisions will include signed permission for the participants to have their support services checks mailed when needed. In addition, all checks will be mailed certified.

6. Ensure that expenditures are correctly allocated to the funding program.

This issue concerns the misallocation of the tuition costs of one individual; the individual was an adult participant, but the tuition was originally billed to dislocated worker funds. The misallocation was corrected.

This issue shall be resolved by the reconciliation of MIS participant rosters with the requests for payment from vendors prior to payment. Currently, the South Bay WIB contracts with Foothill to pay all of our ITA tuition costs. They submit monthly invoices listing ITAs to be paid by individual participant and by fund source. Prior to payment, the Planning Manager or his designee shall confirm that the funding source invoiced is the same as that on the MIS listing of participants. If there is an inconsistency, it shall be resolved prior to payment.

7. Ensure that staff complete and review the ISS plan with the participants on a monthly basis.

A policy statement has been issued to staff regarding the completion of the ISS and IEP.

8. Ensure that the pre-assessment is administered at the time of enrollment.

An objective assessment must be provided for all youth (in-school youth and out-of-school youth) as required by the Workforce Investment Act (WIA), Section 129 9(c)(1) (A). This objective assessment must include a review of the academic and occupational skill levels as well as the service needs of each youth. A policy statement has been issued to staff regarding pre-assessment of all youth.

9. Ensure that staff updates the JTA system to reflect the participants' activities.

A policy statement has been issued to staff regarding updating the JTA system to accurately reflect the participant's activities.

10. Foothill management accurately bill DCSS for expenditures related to the WIA program.

Regarding the issuance of gas cards, FWIB will revise its current procedures to ensure that the gas cards issued accurately reflect which funding title should be charged. As previously noted, the FWIB will update its support services policies, procedures and forms based upon this draft report.

- 11. Ensure that invoices are submitted to DCSS within five working days of the month following the month in which the services invoiced were rendered.**

The City of Pasadena's official accounting records do not close until at least the eighth working day of the month following the month ending. The information is not available until after the fifth working day.

The City of Pasadena shall request a waiver from the invoice deadline requirement from the County Department of Community and Senior Services

- 12. Ensure that invoices and other supporting documentation are marked "paid."**

The City has purchased a PAID stamp and will ensure that invoices and supporting documentation are marked accordingly.

- 13. Ensure that press releases and statements to the public indicate that, "the program is funded by the federal and State grant administered by the County of Los Angeles."**

In the event that we prepare a press release or other public statement exclusively using County funds, we will indicate that "the program is funded by the federal and State grant administered by the County of Los Angeles."

However, the majority of WIA funds received by the Foothill WIB do not come from the County. Thus, it would be inaccurate and misleading to indicate on press releases and statements to the public that benefit all of our programs that the program is funded by a grant administered by the County of Los Angeles. However, we are now using the statement that this is "an equal opportunity employer/program funded by a Federal or State or Los Angeles County grant"

- 14. Ensure that written procurement and accounting manual is developed in compliance with WIA guidelines.**

This issue concerns the inconsistency between the City of Pasadena's and the County's small purchase procurement policy. The City requires only one price quote for purchases less than \$3,000. The County requires three price quotations for purchases over \$1,000.

See the attached revised small purchase policy statement that resolves the inconsistency.

- 15. Foothill management ensure that WIA funded assets are used for the WIA program, or returned the property to the County.**

Foothill shall contact the County WIB by letter regarding how to return or dispose of the unused item (VCR).

16. Foothill management ensure that employees' personnel files are kept current.

The City of Pasadena's Human Resources Department maintains the personnel files for all of its employees. This issue concerns the fact that the files of three employees who charged time to the County contract did not have current driver's licenses and proof of insurance. The City's HR Department does not maintain current information on driver's licenses or insurance.

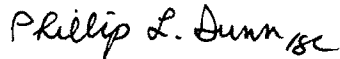
However, the Foothill WIB does maintain separate personnel files and will maintain those items (including current driver license information and proof of insurance) that are required by the contract between the County and Foothill or are required by other County written policy.

We believe that our responses will satisfactorily address the findings contained in your draft report.

We would like to thank your staff for professional manner in which they conducted their review.

If you have any questions, please call Steve Chase at 626-584-8394.

Sincerely,

A handwritten signature in black ink that reads "Phillip L. Dunn" followed by a stylized flourish or initial.

Phillip L. Dunn
Executive Director

PLD:SLC